# FINAL REPORT

**4-H ENTREPRENEURIAL PROJECT**

**19980365**

**December 2000**

**Prepared by: Saskatchewan 4-H Council**

AGRI-FOOD INNOVATION FUND

Canada

Saskatchewan

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# *4-H Entrepreneurial Project Final Report*

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December 12, 2000

LLC
Dec 22/00

## a) Summary

Saskatchewan 4-H launched the Entrepreneurial Project to help generate undesignated revenues through business ventures. The project was based on a book written by Richard Steckel, *"Filthy Rich and Other Non-Profit Fantasies"*.

4-H has developed a venture involving farm safety. The project is currently under consideration for partnerships by the *Canadian Agriculture Safety Program (CASP)* and the *Saskatchewan Canola Development Commission*. We project that the book will be printed in spring 2001.

Originally, we planned to sell several ads in the book as a revenue generator, and when we "pitched" this venture to several prospective partners, we learned that the cost per ad that we set was too high. We considered lowering such costs, however, in order for this venture to be profitable, we determined that we had to locate a major partner who would fund the book design, printing and related costs. CASP has now received our proposal, which will be considered in March 2001. Given the response to our advertising rates, we have decided to find one or more major partners who would like to assume "ownership" of the book and design it with us rather than continue with our original plan to find several smaller partners.

The idea of developing a venture, producing the concept in text and graphics and then "trying it on" with prospective partners is a significant part of the research and experience necessary to ultimately develop a venture that works. The delays in launching this project are the result of the need to refine our original ideas.

4-H has other venture opportunities in development, the most significant is based on the environment. We have begun discussions with *SaskPower* to establish a long-term partnership.

We have learned a tremendous amount from our efforts in the last year. Most importantly, we have learned that 4-H could successfully identify and develop revenue generating ventures. The plan to ensure the project is a long-term success is based on using the template from our Farm Safety venture to ensure we are able to launch ventures in other areas such as the environment.

## b) Technical Report

### *Background & objectives*

#### General Background

As funding for non-profits becomes scarce and more competitive, a trend has emerged in North America toward more proactive funding arrangements. Non-profits are beginning to tap corporate advertising budgets rather than rely on corporate donations. In the

preferred scenario, the non-profit would partner with a corporation to launch a venture. The corporation would benefit from high-level exposure and association with the non-profit's cause and reputation. The non-profit would benefit by receiving the profits from the venture as undesignated funds.

It is very difficult for a non-profit to alter how it funds activities. This requires the whole organization to accept a mental shift. With a grant from *Agri-Food Innovation Fund*, Saskatchewan 4-H launched its Entrepreneurial Project, and based this project on a book written by an American author, Richard Steckel, *"Filthy Rich and Other Non-Profit Fantasies."* The book served as a roadmap for 4-H to launch revenue-generating ventures.

## Project Goal

To raise additional revenue for the *Saskatchewan 4-H Council.*

## Project Objectives

1. To research and implement two entrepreneurial ventures for the *Saskatchewan 4-H Council.*
2. To develop a plan for ongoing entrepreneurial ventures beyond the one-year scope of the 4-H Entrepreneurial Project.

## *Project activities, achievements, papers written*

We formed an Enterprise Team to steer the project. This group consists of three people from the 4-H community, the Project Manager, and a representative of the Saskatchewan business community.

The Entrepreneurial Project is based on a current trend. Bernadine Rudichuk attended a conference on this topic in Toronto, and we used Richard Steckle's book as a guideline. As outlined in Steckel's book, our first step was to take stock of what 4-H has to offer the business community. We undertook a Market Research Project that was completed in June, 1999. The project's objectives were to:

1. Identify organizational assets related to entrepreneurial ventures.
2. Identify internal issues (both obstacles and positive factors) that will influence the implementation of entrepreneurial ventures.

In total, we interviewed 23 people from 4-H and the business community. We met with a wide variety of people, from Leroy Larsen (at the time he was President of the Saskatchewan Wheat Pool) to Neil Isely, one of 4-H's outstanding young members. This activity was extremely helpful in identifying our strengths and opportunities. We realized that although 4-H's connection and reputation in the rural community was an obvious asset, there were many complex issues that affected how we would be able to launch and develop ventures. A copy of the Market Research Project is included in the Appendix of this document.

Our next step was to identify market opportunities for potential ventures. This was a long and frustrating process. Although the 4-H organization has strong ties in many aspects of the agricultural community, developing a venture (and essentially creating something

from nothing) was very challenging – especially for a non-profit. We explored many opportunities associated with agricultural trends, including biotechnology projects. Many of these took us down a path where we realized it did not make sense for 4-H to explore venture opportunities. For example, we considered developing an agricultural biotechnology venture that educated the community on the pros and cons of organic and biotechnology farming. The *August 1999 Entrepreneurial Project Summary* in the appendix outlines our ideas at the time. However, in the end, we decided this was far too controversial of a topic for 4-H to become involved with. In the end, we settled on pursuing ventures that fit well with the 4-H reputation; farm safety and environmental awareness.

Our Farm Safety Venture is to create a story/ coloring/activity book that teaches children ages 5 to 8 about farm safety. Revenues are generated from advertising. We enclosed a sample book in the appendix.

The Environmental venture is a future project with good possibilities. Our Enterprise Team explored several ventures that involved the environment (from distributing seedlings through the schools to developing highway beautification projects). We approached *SaskPower* for an open meeting to discuss possibilities of partnering on future ventures, and they were very interested. This represents a good opportunity for 4-H, however, this arrangement is a long-term one, and we will not see results for perhaps a year.

We have developed another document titled *March 2000 Entrepreneurial Project Summary*. This document is included in the appendix, and it illustrates the importance of the lessons we have learned about launching these ventures and how we will apply them to realize long-term results.

### *Results and conclusions*

The results of this project to date are one venture currently in progress and our second venture in development. However, our experiences are more valuable than any single venture we have undertaken. A member of our Enterprise Team (the advisor from Saskatchewan's business community) mentioned that we are now through the toughest part of launching a venture – developing the template. Learning how to develop this additional source of revenue requires an enormous amount of experience and insight on the part of 4-H. We believe we have managed to make it past the first step in this process.

We see the potential to build on our Farm Safety venture and will explore such opportunities when this project is further advanced.

### *Indications of future development*

The most significant indication of future development is the willingness of partners to make long term plans with our Enterprise Team. As mentioned earlier, SaskPower told us that they would like to partner with us on a substantial long term venture. As well,

*SaskLabour* has mentioned that they would like to incorporate our Farm Safety book into curriculum they are preparing for *Saskatchewan Education*. Both are long term efforts that could very likely help generate profits over the next few years.

### *Information on performance indicators*

The bottom line is that these projects must generate operating revenue for 4-H. With the Farm Safety venture, we are currently seeking a major advertising partner, and are awaiting the results of an application to CASP to cover related hard costs.

Other ventures, such as the Environmental Venture, will be our next step.

## c) Personnel

Brent Banda, Project Consultant, Fulltime, Fees
Laurie Gramiak, Administrative Support, 11 hours

## d) Equipment

Toshiba Laptop # 2100 CDT, S/N Y9014541J

## e) Project Photos

No photos were taken during this project.

## f) Innovation Fund Acknowledgement

The Agri-Food Innovation Fund will be acknowledged in the book.

## g) Project Public Information Materials

A sample book is included in the appendix. This was designed by a graphic design studio and used to communicate the vision for the project with potential advertisers and partners such as SaskLabour.

## h) Expense Statement

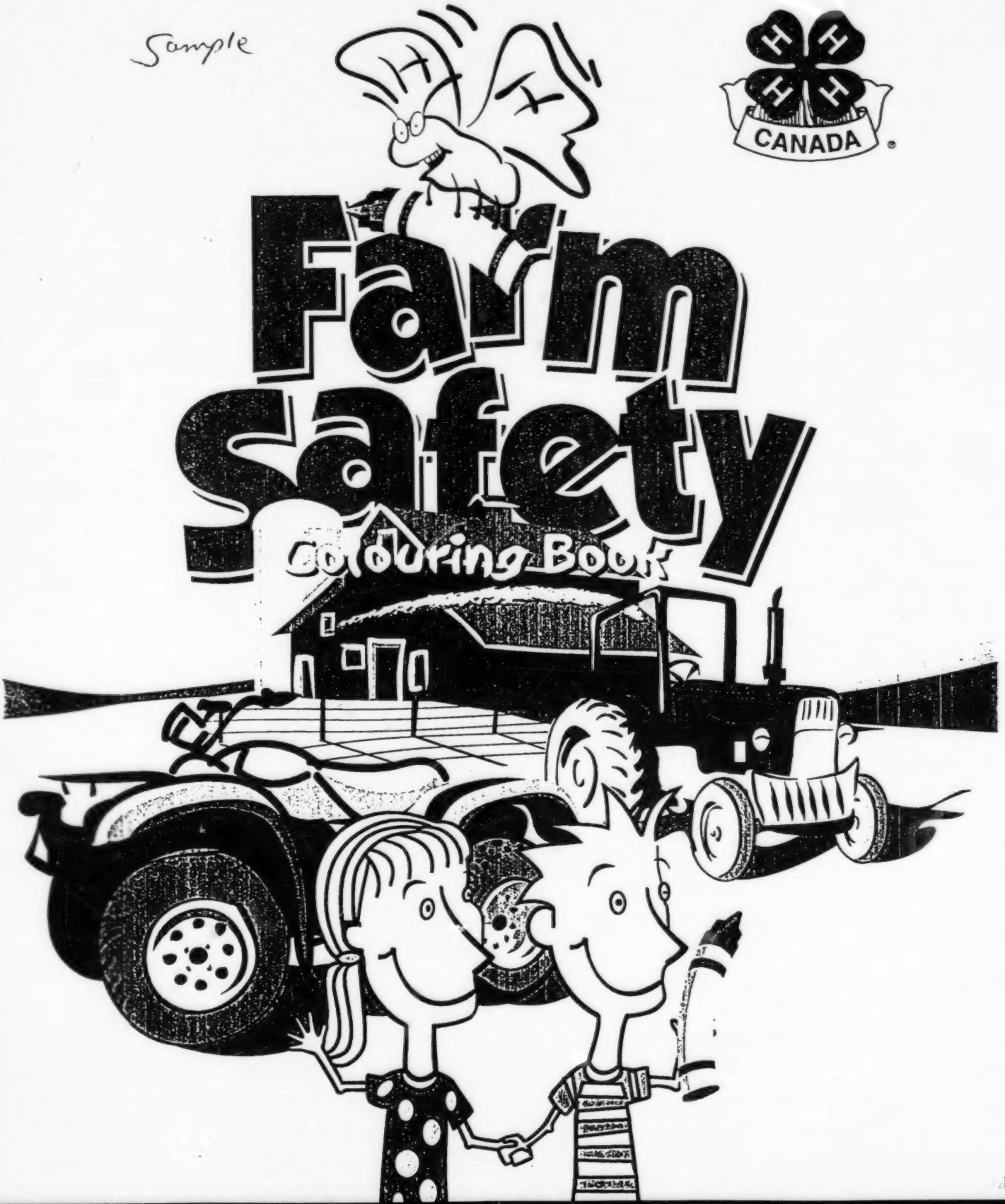
Attached

## i) Appendices

- Market Research Project
- August 1999 Entrepreneurial Project Summary
- March 2000 Entrepreneurial Project Summary
- Sample book and additional safety messages

# 4-H in Saskatchewan 2000

Sample



# 4-H FARM SAFETY VENTURE

## Summary

The project's intent is to create immediate operating revenue for 4-H and develop a template to generate future revenue.

Two types of partners have been established: corporate and industry. Corporate partners will purchase advertising in the book and industry partners will aid in the development and distribution of the book.

### The Book

This project entails the development of a children's' safety lesson book, containing a picture to color, activities, and a story, along with numerous safety tips. Approximately 25,000 copies of the book will be printed.

The safety book will have a significant educational component and will contain a storyline with two main characters and "Clover," the safety butterfly. The children encounter various dangerous situations while walking around their farmyard. Clover warns the children about the dangers to ensure their safety.

Each safety lesson consists of two pages; the page on the left contains safety tips for children with the story line, and the right page has a cartoon to color or an activity that is relevant to the safety issue. The advertisers' company logo would appear on the pages.

The book will be interactive. It will contain useful games to help children learn about farm safety. For example, a 'Lost In The Woods Maze' where kids must find their way out of the woods. Also, crosswords or connect the dots based on safety lessons would be effective.

Farm families who use this coloring book will receive helpful information on how to teach their children about farm safety. The books are provided at no cost.

### Distribution

The total distribution is as follows:

| | |
|---|---|
| Ag Ed Showcase (Agribition) | 5,000 |
| SaskLabour Network of farm safety organizations | 10,000 |
| Sponsors | 7,000 |
| Miscellaneous (4-H clubs, requested copies, etc) | 3000 |
| **Total Copies Printed** | **25,000** |

Bobby and Katie's first stop was at the cow pasture where they came across a cow and her young calf.

Clover warned Katie and Bobby about bothering the cow, "cows are upset easily and you wouldn't want to do anything to upset her."

"You're right," Bobby said, "that's why it's safest to stay away from mother cows and their young."

Bobby and Katie continued on their walk...

## Livestock Safety Tips

- Respect all animals on the farm because they are bigger than you
- Do not yell and shout around animals and never surprise them
- Leave sick animals alone
- Stay away from a mother and her young; she would do anything to protect them
- When around horses never walk under their neck or directly behind them
- Leave animals alone when they are eating
- Always wear shoes around animals

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# Entrepreneurial Project Summary

Saskatchewan 4-H Council
3735 Thatcher Avenue
Saskatoon, SK S7K 2H6

March, 2000

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# Enterprise Team's Situation

With two marketable ventures in development, we are quite pleased with the direction our Entrepreneurial Project has taken us to date. We have followed Richard Steckel's guideline for developing non-profit entrepreneurial ventures, and have found ourselves frustrated with a slow process, but quite excited about the feasibility of the ventures we are pursuing.

We have learned many lessons in the last ten months. On page 56 of his book, Richard Steckel tells us developing a well functioning entrepreneurial nonprofit is a three year process. Similar to an entrepreneur launching a private business, we must learn from our early experiences. We have laid the groundwork and are currently in the process of structuring our first ventures.

The intent of the Entrepreneurial Project from day one has been to build a long term and sustainable source of revenue. Our goal for this year is to launch two ventures. This would provide tangible results, and a base to work from in year two. With two months remaining in the original contract, we find ourselves in view of the finish line but without enough time to complete the race.

This document summarizes our situation, and outlines our tentative plan to meet our goals and prove that the 4-H Entrepreneurial Project can bring a positive sustainable source of operating cash to the organization for many years to come.

# Our Two Ventures

*"The best way to predict the future is to create it."*
John Sculley
Apple Computers

Our sophisticated non-profit is becoming educated and experienced in launching revenue-generating ventures. The following is a brief description of the two ventures our Enterprise Team is currently launching.

## *Safety Venture*

4-H will produce a coloring book to educate children on farm safety issues and to generate operating revenues for Saskatchewan 4-H Council.

Revenues would come from sponsors such as Bourgault and Saskatchewan Wheat Pool (no sponsors have been contacted yet). SaskPower has verbally agreed to place an ad in the book (details are not confirmed). Saskatchewan Safety Council is interested in partnering on this project with us. If the project unfolds as expected, 4-H will control development of the project and receive all profits. SSC will have developmental input and receive as many free copies as they can distribute.

Although we are estimating 15,000 to 20,000 copies will be distributed, the more we print the more attractive this project is to sponsors. We must be creative in identifying distribution channels to ensure a large number are distributed. We will consider schools, 4-H clubs, churches, and other non-profit groups.

A graphic design firm is currently preparing a draft cover and coloring page to use as a sample when approaching sponsors.

## *Environmental Venture*

4-H will prepare a small 'landscaped' area near a major Saskatchewan highway. A sign next to the area will generate revenue through advertising space (such as a small billboard), and also contain a message from 4-H promoting a healthy environment.

Our enterprise team has a grand vision for this project. The team sees the potential to build off success of our initial site. 4-H could partner with government departments such as Culture, Environment, Agriculture, and Highways to create large scale projects such as rest stops or enhanced 'Point of Interest' sites. We have met with a potential partner, the Mid-Lakes Community Coalition, and a Landscape Architect who has worked extensively with several levels of government in the past.

# Lessons Learned

4-H has taken stock of its resources, defined our future vision, identified potential projects, and is now in the process of turning that vision into reality. We have learned many lessons over the last year.

- **4-H's name is its most valuable asset.** A rather extensive list of 4-H's assets has been identified. This list is what 4-H has to work with when building a venture. However, all our potential ventures seem to hinge on the reputation 4-H has built in the community. Many people in Saskatchewan have a positive emotional link with 4-H.
- **It is possible for 4-H to develop entrepreneurial ventures.** We've proved to ourselves that we can do it. Following Steckel's model, we explored market opportunities that have emerged through trends, and the possibility of 4-H building a venture on these opportunities. Our Enterprise Team has been quite successful at brainstorming ideas for realistic ventures. With two marketable ventures in development, our experience identifying market opportunities is perhaps the most valuable experience we've gained to date.
- **Keep focused.** We have a very long list of potential ventures. Many of these have sprouted several venture opportunities. For example, our group had discussed the opportunity to do something with farm safety. We had discussed presentations in schools by 4-H, a poster contest, and several other ideas. In the end, we are preparing a coloring book on farm safety. It has been extremely difficult to move past the idea stage to action stage, because there is not a clear path to follow. There is no template to develop the venture we are creating, and we know now to put more focus on moving ahead and less on developing the 'perfect venture idea'.
- **We do not have 4-H role models.** We are the first 4-H organization in the USA and Canada to develop an entrepreneurial non-profit focus. Because we are breaking new ground, we must design the rules from scratch.
- **4-H should not pursue all venture opportunities.** Some ventures just are not appropriate for 4-H. When discussing some of agriculture's brightest market opportunities, our Enterprise Team realized that the venture may raise controversy and not be appropriate for 4-H. The issue was first raised when we began to consider a venture involving biotechnology. We had considered ventures involving both organic and GMO foods. The political issue became further complicated when we realized some of 4-H's current sponsors were GMO companies (such as the Wheat Pool). This has been a considerable source of frustration for our committee, and a hurdle that was difficult to cross. Our Enterprise Team has decided that in the first year, we will not pursue ventures in industries that may raise controversy. There are many other opportunities to explore in the short term.

- **We must present our venture visually.** It is difficult to communicate a venture idea to potential partners. We have realized we need a tangible sample of our product. We have hired a graphic design firm to prepare a sample of the coloring book venture for us, and we likely will do the same for the environmental venture. These will be presented to potential sponsors.
- **Promote a marketing/advertising opportunity rather than a good social cause.** Companies we approached with an idea were willing to listen once we tell them we are not inquiring about a donation.
- **Finding a product to enter a licensing agreement with would be difficult.** A licensing agreement (also called co-marketing arrangement) would be difficult. Having 4-H's logo on a product would be quite beneficial to our corporate partner. However, finding such a company by trial and error may take some time.
- **Building entrepreneurial partnerships with corporate partners will take time.** Companies are not used to thinking of 4-H as a 'corporate partner'. The organization has a non-profit image that blankets our activities.
- **Ventures should have emotional appeal.** For example, farm safety hits home to everyone who has grown up on the farm. Not only will its emotional appeal have a positive effect on farm families, but it will help attract corporate partners as well.
- **We can do things the private sector can't.** For example, a private developer couldn't pull off the environmental project by itself, but with the credibility of 4-H, an opportunity is created for significant advertising revenue and positive exposure to 4-H.
- **Form partnerships with other non-profits.** Partnering with other non-profits adds credibility to our project. For example, we have discussed bringing Saskatchewan Safety Council into the project, which would add credibility to the safety content of the coloring book.
- **Have a diverse Enterprise Team guiding the project.** Our Enterprise Team is a motivated group with diverse backgrounds and experiences. In brainstorming and decision making, the group functioned quite well together. Everyone was open minded and anxious to contribute.
- **Current supporters provide good advice.** When we conducted interviews at the project's outset, the people we talked to provided extremely useful information and allowed us to take a critical look at what we really had to offer.
- **Steckel's process works for 4-H.** Modeling our project after Richard Steckel's book has helped us develop venture ideas. It has been a long process to educate ourselves on how to launch a venture.

- **Make it part of 4-H's daily operations.** The people who are launching ventures must have an intimate knowledge of 4-H on a daily basis. We've found that having the Entrepreneurial Project's office in a separate location from 4-H office has kept the Entrepreneurial Project one step outside of the 4-H organization.
- **We would have difficulty launching a venture in the USA.** Any use of the 4-H logo in the USA will require approval from the USA 4-H Council. Rather political, and would likely involve a lot of red tape and a long time frame.
- **Corporate partners move slowly**. We learned that potential corporate partners move quite slow on these projects, and do not return calls quickly. It is not so much that they are skeptical, but that a project such as this is not a priority.
- **We must work within the Canadian 4-H guidelines**. We have restrictions on how we can use the 4-H logo to generate revenue.
    1. Out of province ventures would require that we incorporate the 4-H logo into another logo to identify the project.
    2. We cannot approach a company that is involved on a national level (as outlined in the Guidelines for 4-H fundraising).

# Our Next Step

Our next step is to put the finishing touches on our venture plans, complete our proposals, and knock on corporate doors for partners.

It has become apparent that a timeline extension is necessary. Our year's goal is to achieve tangible, measurable results. We have planned to launch two ventures in order to provide momentum and continue this project into a second year. We estimate that completion date for these two ventures could take as long as September 2000. We would then be in a position to evaluate the ventures, research an expansion of the ventures, and begin the next stage of implementation.

To ensure we give the project a fair chance to prove its worth, we would like to propose that the Entrepreneurial Project be extended to December 31, 2000. We do not require additional resources at this time.